McALISTER & CO. LTD. v. PASUMA (1960) LTD. & ORS.

[O.C.J. (Tan Ah Tah J.) August 22, 1961]

[Singapore — Suit No. 28 of 1961]

Trade Mark — Injunction to restrain use of trade name — Words descriptive of product — Primary meaning and secondary meaning — Burden of proof.

Plaintiff company were agents of a brand of chicken essence which was sold in Singapore under the trade name of APOLLO. The plaintiff company in their advertising rendered the word APOLLO into Chinese by three characters which meant "beneficial for restoring strength". The phonetic approximation of the three characters in Mandarin is YI-PO-LY. The plaintiff company conceded that the three characters were descriptive of the character and quality of chicken essence sold by them. Sales in Malaya from 1957 to December 31, 1960 were very large but there was no evidence to show what proportion of these was in Singapore.

On January 9, 1961 the defendant companies advertised their chicken essence also under the name of YIPOLY, but of the three Chinese characters chosen by them only two were the same as those chosen by the plaintiff company. The phonetic approximation of these three characters was I-PU-LI. The second defendant company commenced to sell and the first defendant company to import chicken essence so described.

Certain similarities were also apparent in the packing and labelling of the two products. Both products were sold in red cartons. The words "Essence of Chicken" appeared on both cartons in white edged in black but were of a smaller size in the case of the product of the defendant companies. Both had directions printed in black on one side of the carton and notes printed in black on the other side. The caps of the jars were in identical colours. In both cases, each jar was accompanied by printed notes in English, Chinese, Malay, Tamil, Thai and Indonesian. But whereas the plaintiff company used the device of Apollo's head on their product the device on the product of the defendant companies was that of a dressed chicken and six stars printed in yellow appearing on the top, front and back of each carton, on the label affixed to the jar and on the cap of the jar. The plaintiff company moved for an injunction to restrain the defendants from using the word Yipoly and/or Chinese characters having a phonetic approximation to it.

Held: (1) the three characters chosen by the plaintiffs were descriptive of the character and quality of their goods;

(2) the plaintiff company (in the absence of fraud) was entitled to the exclusive use of the word YIPOLY for their product only if it had acquired a secondary and further meaning that the particular goods were goods sold by the plaintiffs. The onus of proving that the three Chinese characters used by them had acquired this secondary meaning was on them and they had failed to discharge this onus.

Case referred to:—

(1) *Cellular Clothing Co. Ltd.* v. *Maxton & Murray* [1899] A.C. 326 at pp. 339 to 341.

INJUNCTION.

J. E. Lloyd for the plaintiffs.

P. Coomaraswamy for the defendants.

Tan Ah Tah J.: This is a motion by the plaintiff company asking for an injunction to restrain the defendants from using the word YIPOLY and/or Chinese characters having a phonetic approximation thereto as trade marks.

The following statement of facts is based partly on the affidavits filed on behalf of the parties to this case and partly on personal inspection of the exhibits. In 1957 the plaintiff company imported into Singapore essence of chicken which was manufactured by the Pasuma Pharmacal Corporation of New York. This essence of chicken was sold under certain trade marks which, on the plaintiff company's application, were registered in the Registry of Trade Marks.

The second defendant company were incorporated in Singapore on the 22nd March 1952. The directors of the second defendant company are Mr. Teo Thuang Hai and his wife.

The first defendant company were incorporated in Singapore on the 29th November 1960. Mr. Teo Thuang Hai and his wife are also the directors of the first defendant company. It should be added that Mr. Teo Thuang Hai is the managing director of both defendant companies.

The plaintiff company decided to sell the essence of chicken under the trade mark Apollo. At the time this trade mark was chosen Mr. Teo Thuang Hai was a director of the plaintiff company and, in fact, was its only Chinese director. He held this office until the 15th January 1960 when he ceased to be a director of the plaintiff company. He was one of the officers of the plaintiff company who chose the trade mark Apollo and was also one of the officers who selected three Chinese characters to serve as a phonetic approximation of the word Apollo. The phonetic approximation of the three characters in Mandarin is YI-PO-LY. It cannot be said that this bears a close resemblance to the sound of the name Apollo. However, the three characters were doubtless chosen for their meaning, which is "beneficial for restoring strength." In the advertisements which the plaintiff company caused to be published two other Chinese characters (meaning "chicken essence") were added to the three characters. The five characters when read together mean "Chicken essence that is beneficial for restoring strength."

The plaintiff company were originally the sole agents of Pasuma Pharmacal Corporation who were the manufacturers of the essence of chicken. Some time after leaving the service of the plaintiff company Mr. Teo Thuang Hai visited some officer or officers of Pasuma Pharmacal Corporation in New York. Subsequently, on the 20th August 1960, Pasuma Pharmacal Corporation purported to determine the agency agreement subsisting between themselves and the plaintiff company on grounds not relevant to any dispute regarding trade marks.

On the 14th October 1960 there appeared in the Singapore Covernment Gazette an advertisement pursuant to the provisions of the Trade Marks Ordinance of two applications filed by the second defendant company for the registration of the word YIPOLY in respect of essence of chicken. These applications appeared to have been made on the 20th June 1960.

On the 9th January 1961 an advertisement was published in the Nanyang Siang Pau advertising YIPOLY essence of chicken. In this advertisement there appeared, *inter alia*, three Chinese characters two of which were the same as those chosen by the officers of the plaintiff company. The phonetic approximation of these three characters is I-PU-LI and their meaning is "easy to supplement energy." The three characters were used in conjunction with the two other Chinese characters which mean "chicken essence" and the five characters when read together "chicken essence with which it is easy to supplement energy."

The second defendant company commenced to sell in Singapore under the mark YIPOLY essence of chicken which was imported by the first defendant and had been manufactured by Pasuma Incorporated in the United States of America.

It is convenient at this stage to describe the get-up of the goods imported and sold by the contending parties in this case. The essence of chicken imported by the plaintiff company is sold in red cartons. The device of Apollo's head together with the words APOLLO BRAND all printed in yellow appears on the top, front and back of each carton, and also on the label affixed to the jar and on the cap of the jar. The words "Essence of Chicken" on the carton are in white edged in black. On one side of the carton are printed directions in black. On the other side are printed notes in black. The cap of the jar is red with a yellow circle round the circumference, followed by another red band and a yellow band at the foot of the sleeve. Each jar is accompanied by printed notes in English, Chinese, Malay, Tamil, Singhalese (or Thai) and Indonesian.

The essence of chicken advertised by the first defendant company and sold by the second defendant company is marketed in red cartons. The device of a dressed chicken and the word YIPOLY together with six stars printed in yellow appears on the top, front and back of each carton, and also on the label affixed to the jar and on the cap of the jar. The words "Essence of Chicken", which are smaller in size than those printed on the plaintiff company's cartons, are in white edged in black. On one side of the carton are printed directions in black. On the other side are printed notes in black. The cap of the jar is red with a yellow circle round the circumference, followed by another red band and a yellow band at the foot of the sleeve. Each jar is accompanied by printed notes in English, Chinese, Malay, Tamil, Thai and Indonesian.

It is contended by counsel for the plaintiff company that the word YIPOLY and get-up used by the defendant companies were adopted with the object of causing the public mistakenly to suppose a connection in the course of trade between the essence of chicken sold by the second defendant company and the plaintiff company. In particular, counsel for the plaintiff company says that the word YIPOLY is an exact oral reproduction of the manner in which the plaintiff company's essence of chicken is described by the Chinese public. On this point he cannot be right as the following extract from paragraph 5 of the affidavit sworn to by Mr. Watt, the Chairman of the Board of Directors of the plaintiff company, will show:—

> "I am advised by Lim Peck Hong, a member of the staff of the plaintiff company who reads and writes Chinese characters that the phonetic equivalent of these characters in Mandarin, Cantonese and Hokien is respectively YI-PO-LY, YIK-POE-LAKE and AIK-POH-LAT. I verily believe this information to be true."

It can be seen from this extract that while those members of the Chinese public who normally speak Mandarin will normally read the three characters as YI-PO-LY, those who normally speak Cantonese and Hokien will normally read them respectively as YIK-POE-LAKE and AIK-POH-LAT. On the evidence before the Court, it is impossible to be more precise on this point. What can be said with certainty is that it has not been proved that all members of the Chinese public refer to the plaintiff company's essence of chicken as YI-PO-LY.

Counsel for the plaintiff company has conceded that the three characters chosen by his clients are descriptive of the character and quality of his clients' goods. The position can scarcely be otherwise, considering that the three characters mean, as I have said, "beneficial for restoring strength." That being so, it is relevant to refer to the principles relating to words which are descriptive in nature. These principles are stated in the following passage from the speech of Lord Shand in *Cellular Clothing Co., Ltd.* v. *Maxton & Murray*[1] at pp. 339 to 341:—

> "If a person employing a word or term of well-known signification and in ordinary use — though he is not able to obtain a patent for his manufacture, and although he has not got the protection of a registered trade-mark for the goods he is proposing to sell — is yet able to acquire the right to appropriate a word or term in ordinary use in the English language to describe his goods, and to shut others out from the use of this descriptive term, he would really acquire a right much more valuable than either a patent or a trade-mark; for he and his successors in business would gain the exclusive right, not for a limited time as in the case of a patent, but for all time coming, to use the word as applicable to goods which others may be desirous of manufacturing and are entitled to manufacture and sell as much as he is. That being so, it appears to me that the utmost difficulty should be put in the way of any one who seeks to adopt and use exclusively as his own a merely descriptive term.
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> The case on which the appellants have chiefly relied is that of the Camel-hair Belting, the case of Reddaway. Of that case I shall only say, that it no doubt shews it is possible where a descriptive name has been used to prove that so general, I should rather say so universal, has been the use of it as to give it a secondary meaning and so to confer on the person who has so used it a right to its exclusive use or, at all events, to such a use that others employing it must qualify their use by some

distinguishing characteristic. But I confess I have always thought, and I still think, that it should be made almost impossible for any one to obtain the exclusive right to the use of a word or term which is in ordinary use in our language and which is descriptive only — and, indeed, were it not for the decision in Reddaway's Case (1896) A.C. 199, I should say this should be made altogether impossible.

It is true the question in issue in cases of this class may generally be broadly stated as: Did the defendants by their representations seek to induce purchasers to acquire their goods under the false belief that these goods were or the plaintiffs' manufacture? If it can be shewn that representations to the effect that the goods were manufactured by the plaintiffs be made directly or by implication, by the language used, the plaintiffs would of course be entitled to a remedy. But where the plaintiffs' proof shews that the only representation by the defendants consists in the use of a term or terms which aptly and correctly describe the goods offered for sale, as in the present case, it must be a condition of the plaintiffs' success that they shall prove that these terms no longer mean what they say — or no longer mean only what they say — but have acquired the secondary and further meaning that the particular goods are goods made by the plaintiffs, and, as I have already indicated, it is in my view difficult to conceive cases in which the facts will come up to this. Unless that be proved, there is no room for a charge of violation of any right, or indeed of a charge of fraud — for the defendants are only exercising the right which they possess as much as the plaintiffs do, and which every one has, to employ words in ordinary use which are an apt and proper description of the goods for sale.

The Lord Ordinary has made this observation in his judgment: 'I do not myself remember a case in which the use of a merely descriptive name has been interdicted as deceptive, unless in circumstances which truly involved fraud on the part of the user.' The appellants' counsel were unable, though invited by me, to cite any case that runs counter to that observation, which I believe to be sound. In the case of Reddaway it was held there was fraud. The person who sold the goods (the camel-hair belting) had expressly said that he would be enabled by using that term to sell his goods as the goods of the plaintiffs, and if the term 'camel-hair belting' had really come to mean the plaintiffs' belting in the trade and with the public, and the defendant knew this, that was a case of fraud. In the case of Reddaway, I understand it was held that the words had acquired the secondary meaning alleged, and that the defendant's knowledge of this was important evidence on that point."

In the present case, according to Mr. Watt's affidavit, the plaintiff company sold a very large quantity of essence of chicken in Malaya, the total amount realised during the period from 1957 to the 31st December 1960 being approximately $2,914,000. It is to be noted that this amount represents the total proceeds of sales in the whole of Malaya; there is no evidence to show how much was realised as the result of sales in Singapore.

The plaintiff company have in their advertising campaign advertised their essence of chicken in connection with the words APOLLO or APOLLO BRAND and the three Chinese characters. These advertisements have been both visual, in the Press, on hoardings and in display media, and oral, in Rediffusion broadcasts in the Chinese language and by Chinese-speaking sales-girls who go from door to door.

In his affidavit Mr. Watt claims that the plaintiff company's mark has become well known to the public. On the other hand, Mr. Teo Thuang Hai in his affidavit denies that the plaintiff company have acquired any reputation in the three Chinese characters used by them or that the characters have become distinctive of the plaintiff company or their goods. Considering the evidence as a whole, including the evidence relating to the advertising campaign, and bearing in mind that the plaintiff company's essence of chicken has been sold in Malaya for only a few years, and that there is no evidence as to the actual or even approximate quantity of essence of chicken sold in Singapore, I am not satisfied that the plaintiff company have discharged the onus which lies on them of proving that the three Chinese characters used by them have acquired the secondary meaning that the particular goods are goods imported by the plaintiff company.

There are no allegations of fraud in the statement of claim and counsel for the plaintiff company has not relied on fraud in the course of his argument. In this connection I need only repeat the following observation made by the Lord Ordinary in *Cellular Clothing Co., Ltd.* v. *Maxton & Murray, supra*, an observation which Lord Shand said he believed to be sound:—

> "I do not myself remember a case in which the use of a merely descriptive name has been interdicted as deceptive, unless in circumstances which truly involved fraud on the part of the user."

In the result the motion must be dismissed. The costs will be the defendants' costs in the action.

Motion dismissed.

Solicitors: *Drew & Napier; Braddell Bros.*

OVERSEA CHINESE BANKING CORPN. LTD. v. EASTERN AUTO CO. LTD.

[O.C.J. (Wee Chong Jin J.) October 17, 1960]

[Singapore — Suit No. 886 of 1954]

Landlord and Tenant — Possession under section 15(1)(g) of Rent Control Ordinance (Cap. 242) — Defences of waiver and estoppel.

The plaintiffs purchased certain premises in 1951 and at the date of purchase the defendants were tenants on a monthly tenancy. No written tenancy agreement was made and consequently the defendants were not precluded from sub-letting.

The defendants made numerous sub-lettings and some time prior to July 1953 the plaintiffs' agents investigated to see whether or not defendants were charging rents in respect of these sub-tenancies over and above the percentage permitted under section 15(1)(g) of the Control of Rent Ordinance with a view to commencing proceedings for recovery of possession if excess rents were in fact being charged. The investigations of the agents were unsuccessful in establishing the true position. The plaintiffs then wrote to the defendants in July 1953 asking for particulars of sub-letting and these were supplied by the defendants. Subsequently, the plaintiffs learned that besides the tenancies on which information had been supplied by the defendants, there were seven others. The plaintiffs then terminated the tenancy on April 30, 1954 by a notice to quit dated March 29, 1954.